GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:315
ANSWERED ON:01.03.2002
EXPORTS TO USA
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Will the Minister of TEXTILES be pleased to state:

(a) whether exports to USA have come down from $1282.82 million to $97 million, a decline of 24.24 per cent;

(b) if so, the reasons therefor;

(c) whether the imports of textile goods have registered an alarming growth of 28.03 percent during the first half of current fiscal year while exports declined by 13 percent;

(d) if so, the reasons for the growth in imports and decline in export in textile goods; and

(e) the steps taken to overcome the causes?

Answer

MINISTER OF STATE FOR TEXTILES (SHRI V. DHANANJAY KUMAR)

(a) & (b) As per latest available DGCI&S data, textile exports to USA during the period April-October 2001 amounted to US$ 4817.0 million as compared export of US$ 5745.0 million during the corresponding period of 2000. The decline in export may be attributed mainly to general slowdown in the US economy and September 2001 events.

(c) & (d) The value of textiles exports and imports during the period April-September 2001 are given below :-

(In US$ Million)

	April-September 2000	April-September 2001	% age decrease/increase of 2001-02 over 2000-01
Textile Exports	6237.1	5346.5	-14.3%
Textile Imports	666.7	813.6	22.0%

Source : DGCI&S, Calcutta

Though the textile imports have shown an increase, the total quantity imported is not significant. It is less than even 1% of our domestic consumption.

In the atmosphere of liberlisation, the imports are governed by market forces subject to export-import policy in force from time to time. The liberalized trading regime would result in increased international trade in textiles thus providing greater export opportunities; and at the same time expose the domestic industry to import penetration in the domestic market. The industry will have to improve its efficiency and productivity to meet the emerging global competition.

(e) In order to face the challenges of changing global scenario in textiles and to encourage investments for modernisation and upgradation of the textile industry, Government have taken a number of measures, which include:-

(1) Large additional quantities are being opened for most of the categories under the FCFS/RGE systems of the Quota Policies with a view to providing quotas to the garment and textile exporters on a continuous basis.

(2) In order to reduce transaction costs and time of the exporters, EMD/BG amounts were reduced during year 2001, for certain

categories and the date for utilising quotas were extended. Further, the L/C condition under the FCFS system was also waived for all such categories which have quantities left over for the rest of the year.

(3) DEPB rates for certain textile products have been rationalised.

Besides, a `Textile Package` was announced in the Budget 2001-02 to strengthen domestic textile industry for meeting the growing global competition. Some of the important provisions of the `Textile Package` are:-

i) Excise duty structure on textile items has been generally rationalised to achieve growth and maximum value addition.

ii) Custom duty has been reduced from 15% to 5% on 159 specified textiles and garment machineries. In addition, 12 important items of machineries including shuttleless looms have also been exempted from countervailing duty. A programme has been announced to induct 50,000 shuttleless looms and to modernise 2.5 lakh powerlooms in the decentralised sector by 2004.

iii) Assistance under Technology Upgradation Fund Scheme (TUFS) providing for a reimbursement of 5% out of interest is available to textile industry for modernisation and upgradation. In addition, rate of depreciation allowance for machinery under TUFS has been raised to 50%.

iv) A provision of Rs.10 crores has been earmarked in the Budget 2001-02 for establishment of Apparel Parks for export of garments. Besides a provision of Rs.10 crores has been made for the Scheme for improvement of critical infrastructure facilities at major textile production centres.